



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO 80204

MAY 10 1989

Reply to
Attn. of: CCFP-144

Subject: Policy Clarification on Adult Day Care Provisions - Medicaid as Approval

To: STATE AGENCY DIRECTORS - Colorado DH, Iowa, Kansas, Missouri DH,
(Special Nutrition Programs) Montana DHES, Nebraska ED, North Dakota,
South Dakota, Utah and Wyoming ED

This memorandum clarifies guidance set forth in CCFP-124 (dated March 21, 1989) on the use of receipt of benefits under the Medicaid (Grants to States for Medical Assistance) Program as an indication of approval for purposes of fulfilling the licensing/approval requirement of Child Care Food Program (CCFP). The Medicaid Program is authorized by Title XIX of the Social Security Act.

The Social Security Act, as amended, allows States to request a waiver from the requirement that Medicaid payments only be used for medical services provided in medical facilities. This waiver, provided under 42 USC 1396n(c), provides Medicaid payments for certain allowable parts of the cost of home or community-based services, such as adult day care services. These services must be provided to individuals who, but for the provision of such services, would require Medicaid supported institutionalized care. The law further provides that the waiver cannot be granted unless the State provides assurances satisfactory to the Secretary of Health and Human Services that necessary safeguards, including the development and application of standards for provider participation, have been taken to protect the health and welfare of individuals provided services under the waiver.

All facilities (whether "regular" Medicaid facilities or Medicaid "waiver" facilities) receiving Medicaid funds are required to meet standards developed by State agencies which ensure the health and well-being of the individuals enrolled in the facility. The Social Security Act requires each State to develop State Plans for receipt of Medicaid assistance. A Medicaid State Plan must provide "...that the State health agency, or other appropriate State medical agency...shall be responsible for establishing and maintaining health standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services." State Plans, including the standards, are reviewed and approved by the Social Security Administration of the Department of Health and Human Services.

In the case of adult day care centers receiving Medicaid funds (as with any facility receiving Medicaid funds), written standards for approval of the facility for receipt of funds must be developed by the State and the State is required to review each center for compliance with these standards. Therefore, receipt of Medicaid funds by an adult day care center constitutes State approval for purposes of CCFP participation.

We expect that this policy clarification may impact on the numbers and types of centers that can participate in the program. This may be especially significant for States that have not implemented the adult day care provisions because there were no other licensing/approval standards in the State.

If you have any questions on the above policy, please contact us.

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